



Hanwha Corporation

3Q 2023 Earnings

2023. 11. 14.

Disclaimer

This presentation contains the consolidated and separate financial results of the company and its subsidiaries prepared in accordance with K-IFRS.

This material provides preliminary earnings prior to the completion of an external audit for the convenience of investors only. It contains forward-looking statements that are inherently subject to risks and uncertainties, unexpected changes in market conditions, and subsequent adjustments in the business strategies of the company and its subsidiaries.

Thus, the actual results may differ from the projections made in this presentation, and company shall not be held liable for any investment decisions made on the basis of the information contained in this presentation.

Separate

- Accomplishments on Smart Mining Solutions (HATS, etc.)
- Sales on Rechargeable Battery/Solar Energy Increased
- Signed a contract of Seoul Arena, Completed EIA for Shinan–Ui Offshore Wind Power PJ

** EIA: Environmental Impact Assessment*

Consolidated

- **[Aerospace]** Strong Performances on Land Systems/Systems Segments in the 3Q, Signed a Contract of Deliveries of K9 and Chunmoo to Poland
- **[Solutions]** Turnaround in the 4Q by Enlarging Module Shipments with Widened Spread and Diversifying its Business by Developing Power Generation Asset
- **[Life]** Solid Growth in CSM* Anticipating Future Profit and Financial Health

** CSM: Contractual Service Margin*

3Q23 Results & Outlook, Separate

Sales Increased due to Sales Growth on Rechargeable Battery/Solar and E&C Segments and Reflecting Annual Brand License Payment

(KRW 1BN)							[E&C inclusion, Defense separation criteria] (KRW 1BN)					
	3Q'23	3Q'22	YoY	2Q'23	QoQ	'23.9 Cumulative		3Q'23	3Q'22	YoY	2Q'23	QoQ
Sales	1,850	768	141%	1,805	3%	5,236	Sales	1,850	1,509	23%	1,805	3%
Global	313	351	-11%	299	5%	978	Global	313	351	-11%	299	5%
Momentum	145	118	23%	137	5%	408	Momentum	145	118	23%	137	5%
E&C	1,354			1,343	1%	3,728	E&C	1,354	998	36%	1,343	1%
Others*	39	299	-87%	26	46%	122	Others	39	42	-9%	26	46%
OP	68	57	21%	41	67%	158						

* Performance from defense division is included in 3Q'22 (Split of Defense division : 2022.11.2)

Results

- Global : (+) Increased sales of both domestic industrial explosives and global explosives
(-) Decreased sales on Trading sector in accordance with Chemical market conditions
- Momentum : (+) Increased sales of Solar/Rechargeable battery
- E&C : (+) Completed Mega-scale projects contributed to sales growth
- Others : (+) Reflected Brand License Payment for 2023

Outlook

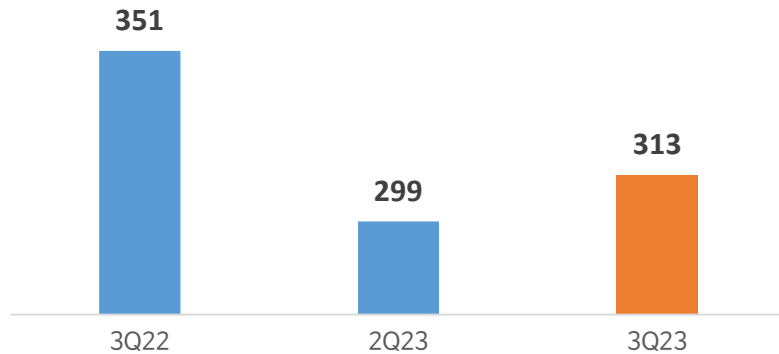
- Global : Sales still affected by market conditions and Ammonia's sale price, but expected sales growth on Explosives
- Momentum : Orders and sales expected to grow
- E&C : Sales expected to grow for stable order backlog

Global Division

■ Sales in Material, Trading Segment Decreased due to Price Drop of Ammonia and Tightened Chemical Markets, Both Sales and OP in Explosives Segment increased with a Solid Demand

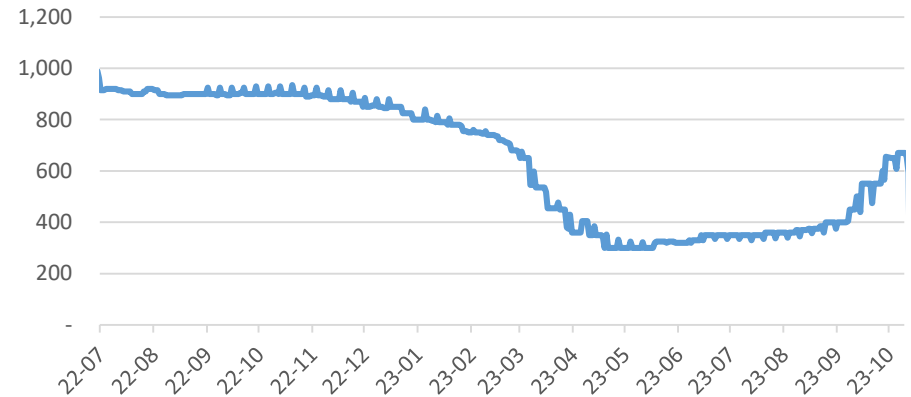
Sales

(KRW 1BN)



Spot prices of Ammonia

(\$/mt)

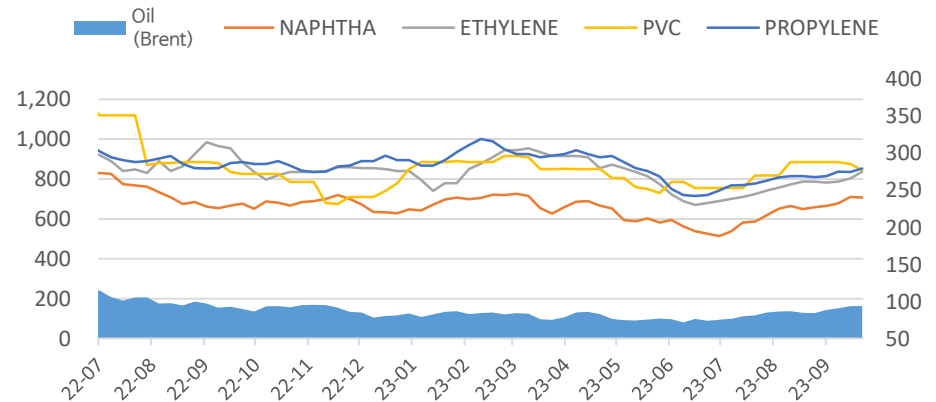


Key Business Updates

- Accomplishments of HATS and Electronic Detonators
 - Saving 15% time for Blasting, 20~30% less vibration, recorded 0 accidents (Yong-in Semiconductor Cluster)
- R&D for Next-gen. Semiconductor Materials
 - Making prototypes of Nitric Oxide ('23.07),
 - Establishing an IT Material Research Center ('23.09)
- Nitric Acid Plant at Yeosu Groundbreaking Ceremony ('23.07), Expected to Complete Construction by '24.06

Spot prices of Chemicals and Oil

(\$/mt)

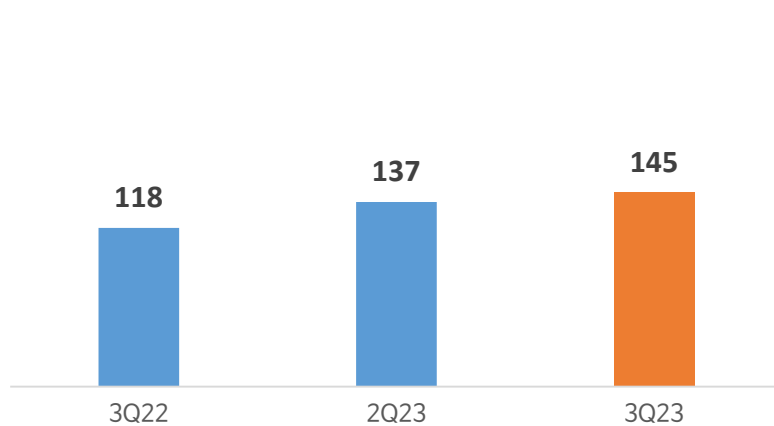


Momentum Division

Sales Increased due to Extension Projects of Solar Module Line and Rechargeable Battery Sales in the 4Q Will Increase with Steady Order Growth

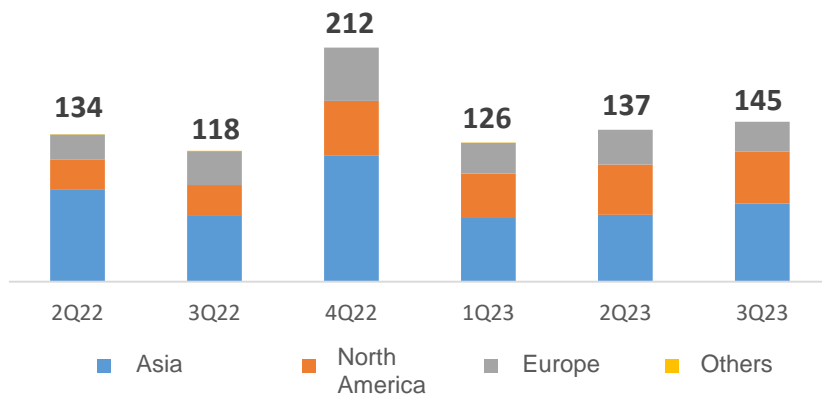
Sales

(KRW 1BN)



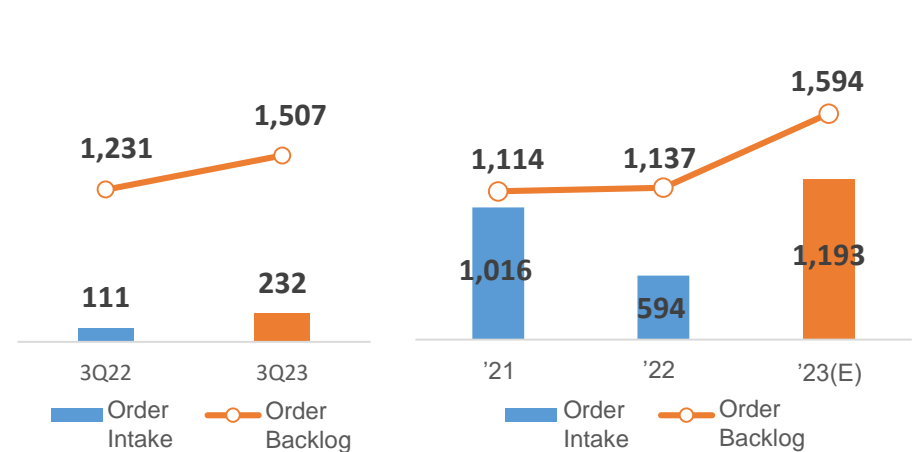
Sales (Regional)

(KRW 1BN)



Order Intake & Order Backlog

(KRW 1BN)



Market Conditions & Outlook

(\$/mt)

- **[Battery] High Demands caused by battery makers' strategies**
 - Trends of manufacturing LFP battery (Li- FePO₄) lead active investment on production lines
- **[Solar] High Demands caused by LCOE¹ drop and global willingness to Energy Independence**
 - Stimulate to invest in CAPEX due to ITC², AMPC³ in US

1. LCOE : Levelized Cost of Energy

2. ITC : Investment Tax Credit

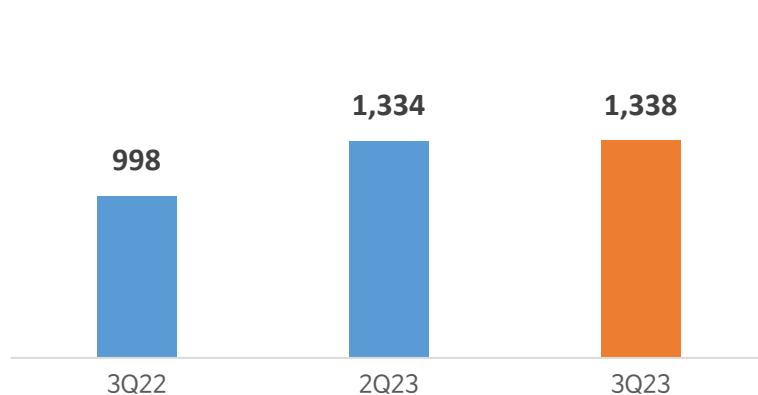
3. AMPC : Advanced Manufacturing Production Credit

Sales Recorded Similar to 2Q by Completing Large-scale Projects

Signing a total of 0.9 tril. won Orders and Expanding the Offshore Wind Farm business

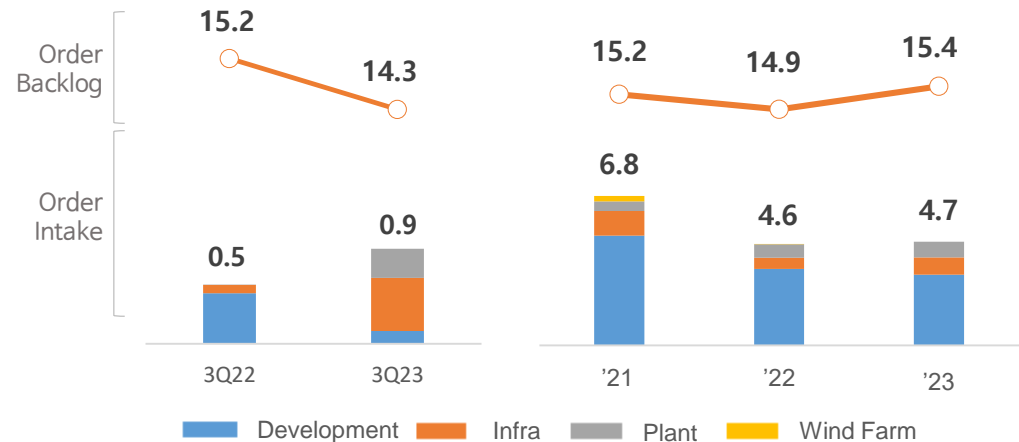
Sales

(KRW 1BN)



Order Intake & Order Backlog

(KRW 1TN)



Key Business Updates

- **Signing a Concession Contract for GTX-C**
 - Deokjeong (Yangju) ~ Suwon / Constructing for 5 years
Operating for 40 years
 - Valued at 4.3 tril.won in total (12% for Hanwha)
- **Offshore Wind Project**
 - ('23.08) Sinan Ui (390MW) Completed EIA¹
 - ('23.10) Jeonbuk Gogunsan (196MW) Submitted for an EBL²

1. EIA : Environmental Impact Assessment

2. EBL : Electric Business License

Orders detail

- **3Q (won, 0.9 tril. won in total)**
 - Infra 0.49 tril. (GTX-C, etc.), Plant 0.27 tril. (Petrochemical Plant, etc), Development 0.11 tril.
- **4Q (won)**
 - Development 1.8 tril. (Seoul Arena, Changwon IDC, etc), Infra 0.23 tril., Plant 0.14 tril.

3Q23 Results & Outlook, Consolidated

Non-financial Sales Improved backed by Sales Rise on E&C/Momentum and Land/System(Aero.) Financial Sales Decreased due to Valuation Gains of FVPL ¹⁾

(KRW 1BN)

	3Q'23	3Q'22	YoY	2Q'23	QoQ	~3Q'23
Sales	11,939	14,730	-19%	12,343	-3%	38,659
Non-Financial	7,048	6,897	2%	7,390	-5%	21,239
Financial	4,891	7,833	-38%	4,953	-1%	17,420
OP	382	1,218	-69%	283	35%	2,180
Non-Financial	217	543	-60%	135	61%	840
Financial	166	676	-75%	148	12%	1,340
NP	97	831	-88%	261	-63%	1,625
NP(Controlling)	12	446	-97%	46	-73%	499

Results

- Revenue

[Non-financial]

(Division) ▲ Equipment, E&C, Explosives,
▼ Trading, Material

(Aerospace) ▲ Defense, Aerospace, System
▼ Vision(CCTV)

(Solutions) ▼ Renewable Energy, Chemical

[Financial(Life)] ▼ FVPL Gain on Valuation

- OP

[Non-financial]

(Division) ▲ Explosives, Material, ▼ E&C

(Aerospace) ▲ Defense, System

▼ Aerospace, Vision(CCTV),

(Solutions) ▼ Renewable Energy, ▼ Chemical

[Financial(Life)] ▼ FVPL Gain on Valuation

Outlook

- [Non-financial] Growth on Rechargeable battery/Solar Equipment, Shipment and Spread of Solar Module Improved, Expecting Growth on Land System on account of contracts with Poland
- [Financial] Solid Growth in CSM²⁾ Anticipating Future Profit and Financial Health

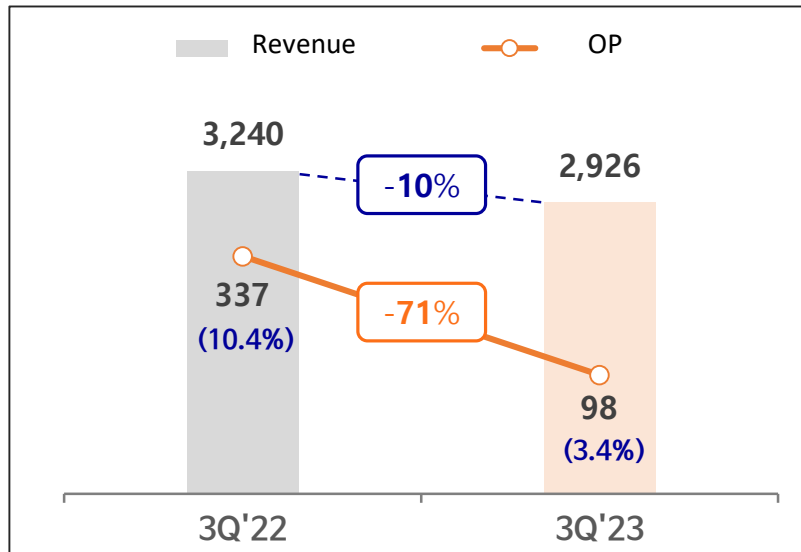
1) FVPL: Fair Value through Profit or Loss

2) CSM: Contractual Service Margin

Non-financial Subsidiaries

Hanwha Solutions (Con.)

(KRW 1BN)



Results

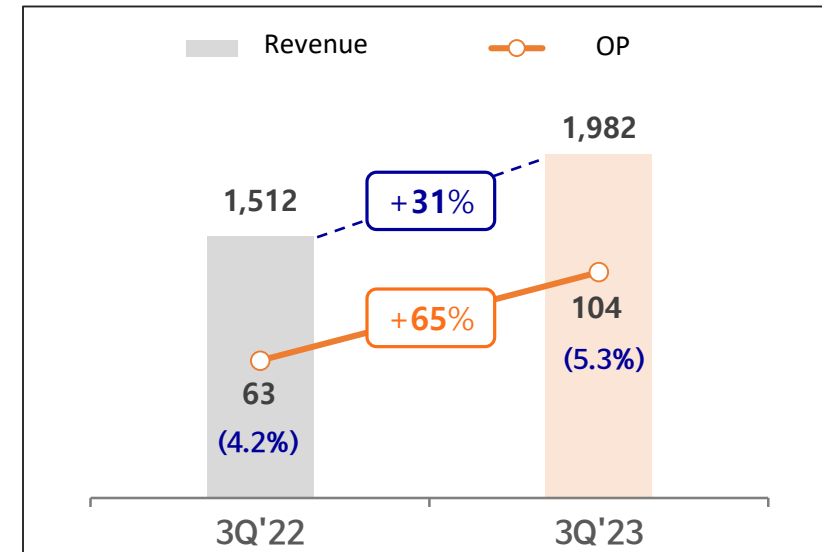
- Sales and OP decreased due to reduced shipments and price drop on Chemicals and price drop on Module with narrowed spread

Outlook

- A regular maintenance is scheduled on Chemicals, but increasing shipments of solar modules with widened spread and development/sales of power generation assets will improve both sales and OP

Hanwha Aerospace (Con.)

(KRW 1BN)



Results

- Sales and OP increased thanks to increased sales on Land Systems and business growth on Hanwha Systems, meeting new IT demands

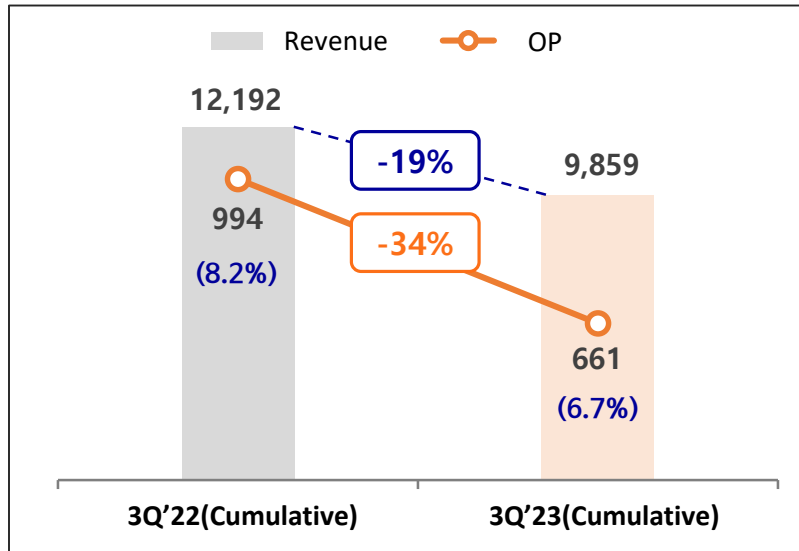
Outlook

- Deliveries of K9 and Chunmoo for Poland will be resumed on 4Q
- Defense Business will be enlarged due to increased export sales

Financial Subsidiaries

Hanwha Life (Sep.)

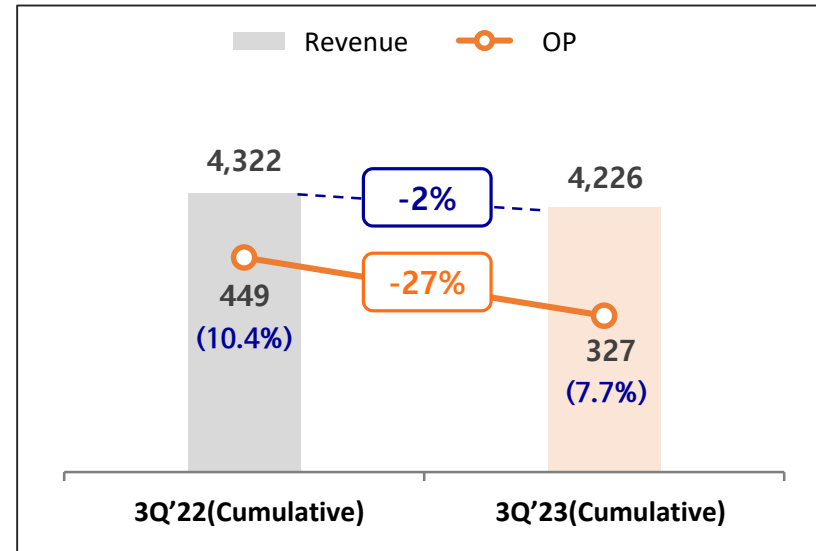
(KRW 1BN)



- Earning Release of Hanwha Life will be held on November 15th

Hanwha General Insurance (Sep.)

(KRW 1BN)



Results

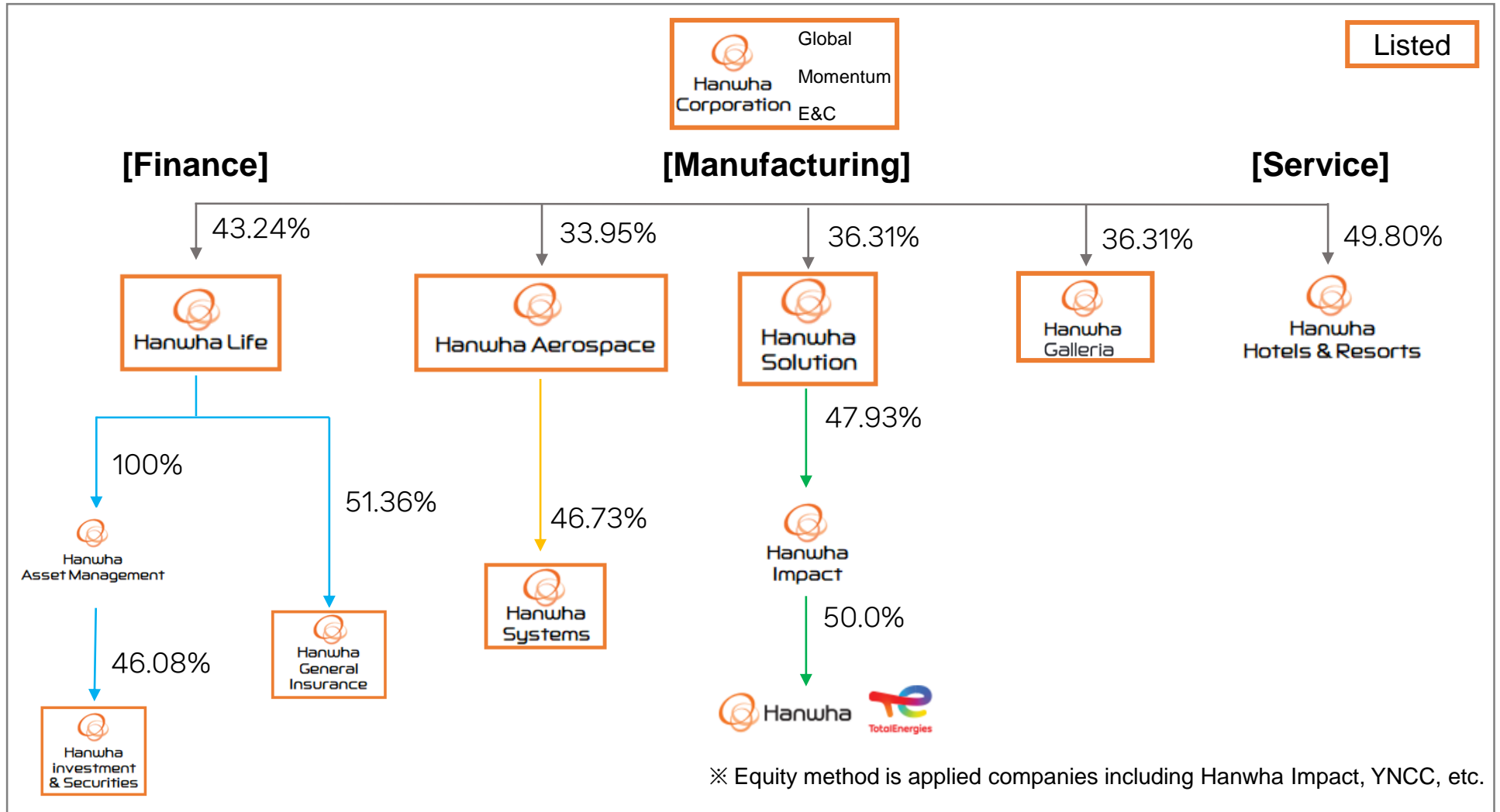
- Revenue kept on its level due to sales growth of long-term insurance whether investment income decreased due to the base effect of foreign exchange
- OP temporarily decreased due to over of pandemic and reflecting IFRS 17 guidelines

Outlook

- Expected to grow by expanding strategic products targeting women and patients

Appendix #1

Hanwha Corp. (HWC) is operating its own businesses [Global/Momentum/E&C Division], and as the controlling company of Hanwha Group, has subsidiaries including Hanwha Solutions, Hanwha Aerospace, Hanwha Life, Hanwha Galleria, Hanwha Hotels & Resorts and others.



Appendix #2

3Q23 Results: Hanwha Corp. and Non-financial Subsidiaries

Company	(KRW 1BN)	3Q22	4Q22	1Q23	2Q23	3Q23	2021	2022
Hanwha (Con.) ¹	Sales	14,729	17,099	14,402	12,342	11,939	52,836	62,278
	OP	1,219	214	1,374	283	382	2,928	2,516
	<i>OPM</i>	<i>8.3%</i>	<i>1.2%</i>	<i>9.5%</i>	<i>2.3%</i>	<i>3.2%</i>	<i>5.5%</i>	<i>4.0%</i>
Hanwha (Sep.)	Sales	768	1,554	1,580	1,805	1,850	3,936	3,880
	OP	57	92	49	41	68	229	195
	<i>OPM</i>	<i>7.4%</i>	<i>5.9%</i>	<i>3.1%</i>	<i>2.3%</i>	<i>3.7%</i>	<i>5.8%</i>	<i>5.0%</i>
Hanwha Solutions (Con.)	Sales	3,240	3,783	3,100	3,393	2,926	10,725	13,654
	OP	337	168	271	194	98	738	966
	<i>OPM</i>	<i>10.4%</i>	<i>4.4%</i>	<i>8.8%</i>	<i>5.7%</i>	<i>3.4%</i>	<i>6.9%</i>	<i>7.0%</i>
Hanwha Aerospace (Con.)	Sales	1,512	2,595	2,038	1,908	1,982	5,541	6,540
	OP	63	165	224	81	104	277	375
	<i>OPM</i>	<i>4.2%</i>	<i>6.4%</i>	<i>11.0%</i>	<i>4.3%</i>	<i>5.3%</i>	<i>5.0%</i>	<i>6.0%</i>

1) Performance from Defense division is included in 2Q'22 (Spinoff of Defense Division : '22.11.2)

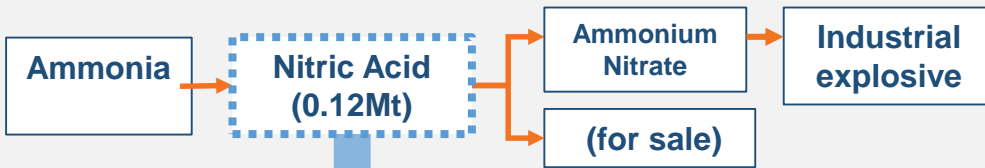
Appendix #3

(Global Division) Sales plan of 0.52Mt of Nitric Acid

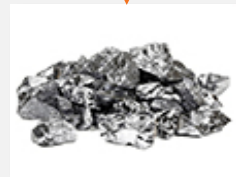
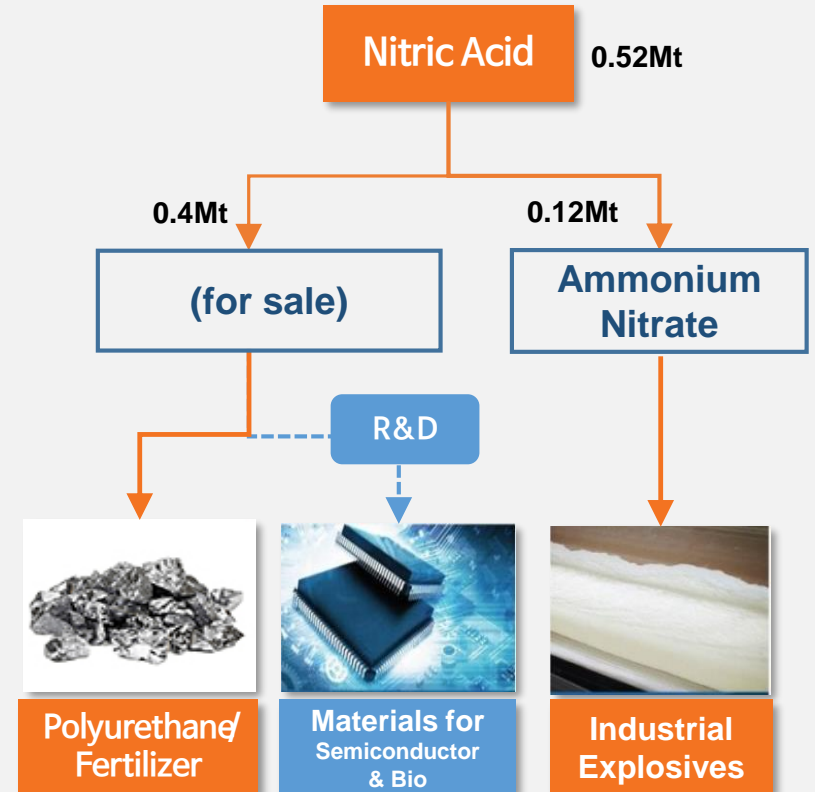
Nitric Acid



- Used for polyurethane and fertilizer, etc.
- Used in Deposition and Cleaning process for semiconductor and display
- Global Nitric Acid Market: **41 trillion won**
* 2023



How Nitric Acid is Used



Polyurethane/
Fertilizer



Materials for
Semiconductor
& Bio



Industrial
Explosives

R&D for Discovering and Commercializing High-value added, Nitric Acid-based Businesses such as Bio and Semiconductor materials

Groundbreaking Ceremony('23.7.18)







- Capacity to produce **0.52Mt annually** by '24(including Onsan)
- Securing both cost competitiveness and **driving force** for broadening its business to **Bio and Semiconductor materials**

Appendix #4

(E&C Division) Hanwha's MXD Line-up

* MXD: Mixed Use Development

	Seoul Station (Northern area)	Jamsil MICE complex	Suseo Station Transfer Center	Daejeon Station (Eastern area)
Birds-eye				
Orderer	KORAIL	SEOUL Metropolitan Gov.	Korea National Railway	KORAIL
Share	29% (100% As Hanwha Group)	15% (39% As Hanwha Group)	46%	50%
Area	0.34 mil. m ²	0.99 mil.m ²	0.50 mil. m ²	0.36 mil. m ²
Facilities	OT/Business/ Accommodation/ Retail	Convention/Stadium/ Sports Complex/ Facilities (Accommodation, Retail, etc)	Department store/OT/ Business/Accommodation	APT/Retail/Business/ Accommodation
Project Cost (Construction Cost)	2.7 tril. won (1 tril. won) <i>\$2.04 bil (\$0.78 bil)</i>	2.2 tril. won (0.8 tril. won) <i>\$1.66 bil (\$0.65 bil)</i>	1.6 tril. won (1.1 tril. won) <i>\$1.21 bil (\$0.83 bil)</i>	1.1 tril. won (0.4 tril. won) <i>\$0.83 bil (\$0.33 bil)</i>
Ground Break	2024	2025	2025	2024

Appendix #5

(E&C Division) Shinan Ui Offshore Wind Farm

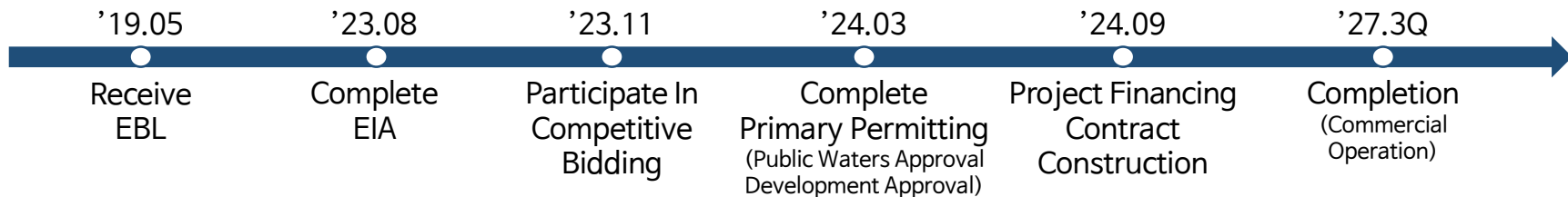
: Build, Own, and Operate Wind Farm to secure both construction and business profits as a Green Infra Developer

Project

Location	Ui-do, Docho-myeon, Sinan-gun, Jeollanam-do
Energy	390MW (15MW x 26)
Costs	2.6 tril. won (1.97 bil. \$)
Period	BOO (Build for 3 years, Operate for 20 years)
Consortium	Hanwha (37.0%), Namdong Energy (37.0%), SK D&D (26.0%)



Timeline



Appendix #6

P&L(Separate)

Accounts	[KRW 1BN]		
	3Q'22	3Q'23	YoY
Revenue	768	1,850	1,082
COGS	633	1,661	1,028
Gross Profit	135	189	54
SG&A	78	121	43
EBIT	57	68	12
Other Income	93	55	-39
Other Expense	98	75	-23
Interest/Finance Profit	3	20	17
Interest/Finance Expense	23	51	29
EBT	33	17	-16
Taxes	7	3	-4
Net Income	26	15	-11

BS(Separate)

Accounts	[KRW 1BN]		
	2022	3Q'23	YTD
Assets	10,730	11,260	530
Current Assets	3,452	3,674	222
(Cash Equivalents)	500	250	- 250
(Accounts Receivables)	1,392	1,737	345
Non-current Assets	7,279	7,587	308
(Investments in subsidiaries and associates)	4,863	4,889	26
Liabilities	7,386	7,942	556
Current Liabilities	4,431	4,384	- 46
(Borrowings and Debentures)	2,295	2,456	161
Non-current Liabilities	2,956	3,558	602
(Borrowings and Debentures)	1,675	2,185	509
Equity	3,344	3,318	- 26